

From: Ken Coulter
To: Pam Buford
CC: Martin, Jim; Sholes, David
Date: 3/10/2008 10:29 AM
Subject: Fyi: Central Valley economic impacts from increasing salinity

FYI-

management here asked me to review the "Central Valley Salinity Project, final draft report" dated 2/29/08. I was asked whether there was anything useful in this report for developing future water bonds.

Please note my e-address has changed and the new e-address is:
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>>> Ken Coulter 3/10/2008 9:59 AM >>>
Here are my comments on this draft economic report.

A. This report adds little to a discussion of future water bond needs.

It tries to estimate the economic impacts from increasing salinity in the Central Valley. It looks at trends in salinity increases (by source) and salinity impacts (by sector) through 2030. It assumes that no action will be taken in that time to affect salinity increases. It is a first draft only and if this econ study is to be used in a discussion of bond funding, it should only be the final version of the report (i.e., this draft report needs a lot of editing).

B. Until the State's policy for control of salinity in the Central Valley is completed, the use of bond funds for salinity control could be ineffective or counterproductive.

The purpose of this econ report is to aid in development of a policy to regulate salinity in the Central Valley. Final development of this policy is years away. The direction given by that policy will have a big effect on decisions of where (or if) it is best to spend water bond funds (i.e., on salinity problems or other problems; in one geographic area or another area). The policy is expected to give direction on how and where to implement salinity solutions. Until the policy is ready, there is little point in funding salinity control projects (e.g., there is no way to know now where the best bang for the buck will be).

C. This draft report does have a few useful ideas:

1. The process of developing the salinity policy (including the needed basin planning

work) "will be an expensive and lengthy process..." (page 12). This means it may make sense to **direct bond funds over the next few years to support the development of the salinity policy** (e.g., funding for studies and for basin plan amendments and updates).

2. The 3 basins studied (Tulare Lake, San Joaquin, and Sacramento River) have very different salinity problems in type, scope, sources, size, cost, etc. Most of the problem is south of the delta. The needs in one basin are likely to be different than needs in another basin.

3. Agriculture and animal production (e.g., cows; poultry) will suffer the biggest impacts from increasing salinity by 2030. They are also the largest sources of salinity increases. The dollar value of these two business sectors currently is 3 times more in Tulare Lake compared to San Joaquin Valley. The dollar value in the Sacramento River Valley of these two sectors is about half of what it is in the San Joaquin Valley.

4. Attempting to use bonds funds to implement salinity controls now may be counterproductive or ineffective until the State develops a unified solution to the problems of the Delta (e.g., problems include environmental; pumping water out of the Delta to supply needs in southern part of State; flooding and levee collapses). Any Delta solution will affect salinity control strategies.

5. Controlling salinity increases will be a very long-term effort. It may be that the regulatory approach will be the most useful way to control salinity increases. There is nothing in this report that identifies any role for bond funded solutions other than the need to complete the State's salinity control policy (see #1, above).